

FISCAL NOTE

SB 261 - HB 779

February 27, 2001

SUMMARY OF BILL:

1. Creates the *False Claim Act* making persons who commit specified acts liable to the state or one of its political subdivisions for three times the amount of damages the state or the political subdivision sustains by such acts. The violators would also be liable for costs of the civil action and civil penalties up to \$10,000 for each false claim. False claims include:
 - Knowingly presenting a false claim for payment or approval;
 - Knowingly making, using, or causing to be made or used a false record or statement to get a false claim paid or approved;
 - Knowingly buying public property from any person who lawfully may not sell or pledge the property;
 - Knowingly making or using any false or fraudulent conduct, representation, or practice in order to procure anything of value from a government entity.
2. Provides that:
 - The Attorney General and Reporter is authorized to investigate violations under the act involving state funds. The prosecuting authority in the local political subdivision is authorized to investigate violations under the act for local government.
 - A private person to bring civil actions for violation of the act.
 - Percentages of proceeds or settlement of claims would be paid to the initiator of action.
3. Creates the False Claims Act Fund where proceeds awarded to the Attorney General in these actions would be deposited and used to support investigations and prosecutions of false claims.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - Less Than \$100,000

Increase State Revenues - Less Than \$100,000

Increase Local Govt. Expenditures* - Less Than \$100,000

Increase Local Govt. Revenues - Less Than \$100,000

Estimate assumes:

- some increase in expenditures to state and local governments to investigate such cases above and beyond any effort that would be made using current law.
- some increase in state and local government revenues from provisions that increase the amount of damages a governmental entity is entitled to recover.

*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director